

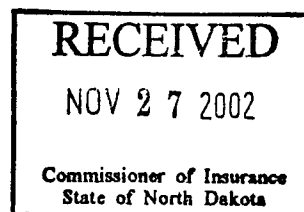
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 Fargo, ND 58108



CLARICA™

November 26, 2002

VIA OVERNIGHT MAIL



The Honorable James Poolman
 Commissioner of Insurance
 North Dakota Department of Insurance
 600 East Boulevard Avenue, 5th Floor
 Bismarck, North Dakota 58505-0320

Re: Extraordinary Dividend Request by Clarica Life Insurance Company - U.S.

Dear Commissioner Poolman:

Pursuant to Section 26.1-10-05 of the North Dakota Insurance Code, Clarica Life Insurance Company - U.S. ("Clarica") hereby requests your approval for payment of a proposed extraordinary dividend up to the amount of \$29,061,329. As explained in Item 5(c) of the Form A filed by Midland National Life Insurance Company ("Midland") with your Department on November 5, 2002 in connection with the proposed acquisition by Midland (the "Acquisition") of Clarica U.S., Inc., the holding company which owns 100% of the equity interest in Clarica, this request for an extraordinary dividend is submitted pursuant to the Stock Purchase Agreement between Midland and Clarica Life Insurance Company, the seller in the Acquisition (the "Seller"). Under that agreement, Seller is to receive the economic benefit of the sale of certain assets excluded from the Acquisition. Those excluded assets include Clarica's 85% equity interest in Ash Brokerage Corporation and AFH Financial Consortium, Inc. (the "Ash Companies"), acquired by Clarica in October 2001, and certain mortgage loans in the portfolio of Clarica (the "Presidio Mortgage Loans").

The amount of the proposed extraordinary dividend is equal to the anticipated net proceeds of the sale of these excluded assets, consisting of approximately \$26,811,329 from the sale of the Ash Companies and \$2,250,000 from the sale of the Presidio Mortgage Loans. Subject to your approval, the dividend will be paid in cash (i) after the closing of the sale of the Ash Companies by Clarica to Ash Financial Holdings Group, Inc., currently scheduled for December 6, 2002, (ii) after the closing of the sale of the Presidio Mortgage Loans, currently anticipated to occur in mid-December and (iii) before the closing of the Acquisition which, subject to your decision regarding the Form A, may occur on or about December 31, 2002.

The proposed extraordinary dividend will decrease Clarica's surplus as of the payment date by an amount equal to the proposed dividend. Please note, however, that the cash proceeds received by Clarica from the sale of the excluded assets will substantially increase Clarica's surplus just prior to the dividend payment, thus significantly diminishing the net impact of the dividend on Clarica's surplus. For purposes of SAP, the current admitted asset value of the excluded assets is approximately \$10,911,050 with the remaining value booked as non-admitted assets. Immediately following the sale of the excluded assets, the non-admitted portion of these assets will convert into admitted assets in the form of cash, thereby increasing Clarica's surplus. In addition, please note that of the \$29,061,329 proposed dividend, almost half of this

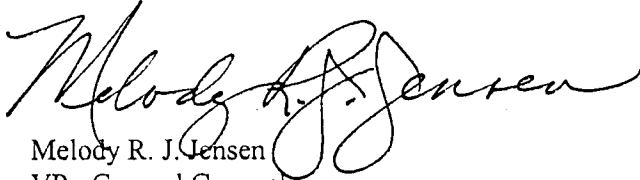
Honorable James Poolman
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amount (\$14,176,220) would constitute an ordinary dividend under the North Dakota Insurance Code. The amount of Clarica's surplus following payment of the dividend will be reasonable in relation to its outstanding liabilities and adequate relative to its financial needs.

The calculation performed in determining that the proposed dividend is extraordinary is attached as Exhibit A. Also, a balance sheet as of September 30, 2002 and a statement of income for the period from January 1, 2002 to September 30, 2002 are attached as Exhibit B.

Please contact me at your convenience if you have any questions or if additional information is required.

Sincerely,

A handwritten signature in cursive script, reading "Melody R. J. Jensen". The signature is written in dark ink and is positioned above the typed name and contact information.

Melody R. J. Jensen
VP - General Counsel
Ph: 1-800-283-5433 Ext. 6260
FAX: 701-433-8260
E-mail: melody.jensen@clarica.com

MRJJ/kae

Enclosures

cc: Peter Demuth (w/enc.)
Kevin G. Fitzgerald (w/enc.)

EXHIBIT A

CALCULATION OF EXTRAORDINARY DIVIDEND

FMV of Dividends (12/25/01 through 12/26/02):

<u>FMV Amount</u>	<u>Date</u>	<u>Form of Payment</u>
\$29,061,329.00*	12/26/02	Cash
Surplus as regards policyholders (total capital and surplus) as of 12/31/01:		\$141,762,216.00
Ten percent of surplus as regards policyholders as of 12/31/01:		\$14,176,221.60
Net gain from operations for the twelve-month period ending 12/31/01:		\$4,737,527.00
Total dividends paid by Clarica during preceding twelve month period:		\$29,061,329.00*

Basis for Extraordinary Dividend Filing: The fair market value of total dividends to be paid by Clarica within the preceding twelve months, including the proposed extraordinary dividend, will exceed the greater of: (a) 10% of surplus as regards policyholders as of December 31, 2001; and (b) the net gain from operations for the twelve months ended as of December 31, 2001.

* Amounts include proposed dividend

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE Clarica Life Insurance Company-U.S.

ASSETS

	Current Statement Date			December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	2,141,217,095		2,141,217,095	1,538,240,227
2. Stocks:				
2.1 Preferred stocks				8,000,902
2.2 Common stocks	43,247,933	19,846,261	23,401,672	26,705,699
3. Mortgage loans on real estate:				
3.1 First liens	643,237,350		643,237,350	627,706,960
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				1,006,526
4.2 Properties held for the production of income (less \$ 1,437,052 encumbrances)	980,774		980,774	1,033,591
4.3 Properties held for sale (less \$ encumbrances)	2,841,024		2,841,024	2,841,024
5. Policy loans	58,890,364	2,000	58,888,364	59,513,266
6. Premium notes, including \$ for first year premiums				
7. Cash (\$ (1,397,660)) and short-term investments (\$ 102,767,077)	101,369,417		101,369,417	114,728,819
8. Other invested assets	8,400	8,400		
9. Receivable for securities	18,093,488		18,093,488	
10. Aggregate write-ins for invested assets	2,061,624		2,061,624	3,977,780
11. Subtotals, cash and invested assets (Lines 1 to 10)	3,011,947,469	19,856,661	2,992,090,808	2,383,754,794
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers	208,334		208,334	1,282,504
12.2 Commissions and expense allowances due	1,532,609		1,532,609	1,532,609
12.3 Experience rating and other refunds due				
12.4 Other amounts receivable under reinsurance contracts				
13. Electronic data processing equipment and software	1,271,020	374,978	896,042	751,876
14. Federal and foreign income tax recoverable and interest thereon (including \$ 12,473,824 net deferred tax asset)	77,918,763	64,880,218	13,038,545	11,245,507
15. Guaranty funds receivable or on deposit	291,139		291,139	511,804
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$ 104,738 loading)	4,355,625		4,355,625	2,922,670
17. Accident and health premiums due and unpaid	350	19	331	380
18. Investment income due and accrued	31,405,706	2,627,534	28,778,172	22,606,805
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates	624,660		624,660	14,838,920
21. Amounts receivable relating to uninsured accident and health plans				
22. Amounts due from agents	551,201	551,201		
23. Other assets nonadmitted	723,350	723,350		
24. Aggregate write-ins for other than invested assets	2,272,124	488,927	1,783,197	1,293,682
25. Total assets excluding Separate Accounts business (Lines 11 to 24)	3,133,102,350	89,502,888	3,043,599,462	2,440,741,551
26. From Separate Accounts Statement	84,574,974		84,574,974	
27. Total (Lines 25 and 26)	3,217,677,324	89,502,888	3,128,174,436	2,440,741,551
DETAILS OF WRITE-INS				
1001. Purchased Call Options	2,061,624		2,061,624	3,977,780
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)	2,061,624		2,061,624	3,977,780
2401. Miscellaneous Receivables	1,771,365		1,771,365	1,153,569
2402. Prepaid Expenses	173,927	173,927		
2403. Policy Liens-accidental death benefits				130,000
2498. Summary of remaining write-ins for Line 24 from overflow page	326,832	315,000	11,832	10,113
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	2,272,124	488,927	1,783,197	1,293,682

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for Life contracts \$ 2,653,627,681 less \$ Included in Line 8.3	2,653,627,681	2,123,536,956
(Including \$ Modco Reserve) 361,953	361,953	358,309
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve) 35,082,793	35,082,793	18,402,454
3. Liability for deposit-type contracts (including \$ Modco Reserve)		
4. Contract claims:	7,870,644	11,783,877
4.1 Life	273,762	294,307
4.2 Accident and health	1,324	627
5. Policyholders' dividends \$ 1,324 and coupons \$ due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:	53,001	53,001
6.1 Dividends apportioned for payment to (including \$ Modco Reserve)		
6.2 Dividends not yet apportioned (including \$ Modco Reserve)		
6.3 Coupons and similar benefits (including \$ Modco Reserve)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums	72,152	26,805
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance including \$ assumed and \$ ceded	13,784,535	8,502,606
9.4 Interest Maintenance Reserve		
10. Commissions to agents due or accrued—life and annuity contracts \$ 2,654,739	2,654,785	2,091,691
accident and health \$ 47 and deposit-type contract funds \$	1,532,609	1,532,609
11. Commissions and expense allowances payable on reinsurance assumed	3,840,506	3,237,828
12. General expenses due or accrued		
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves)	3,446,207	2,607,556
14. Taxes, licenses and fees due or accrued, excluding federal income taxes		
15. Federal and foreign income taxes, including \$ on realized capital gains (losses) (including \$ 4,068,693 net deferred tax liability)	8,627,154	6,447,085
16. Unearned Investment Income	1,762,379	1,761,459
17. Amounts withheld or retained by company as agent or trustee	98,782	1,444,155
18. Amounts held for agents' account, including \$ 50,133 agents' credit balances	50,133	59,316
19. Remittances and items not allocated	82,582,605	68,614,747
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:	33,572,590	31,716,691
24.1 Asset valuation reserve	28,075	28,075
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	705,216	878,348
24.4 Payable to parent, subsidiaries and affiliates	25,068	216,939
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured accident and health plans		
24.7 Funds held under coinsurance	52,880,077	356,892
24.8 Payable for securities		
24.9 Capital notes \$ and interest thereon \$	14,285,319	15,027,002
25. Aggregate write-ins for liabilities	2,917,219,351	2,298,979,335
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	83,203,631	
27. From Separate Accounts Statement	3,000,422,982	2,298,979,335
28. Total Liabilities (Lines 26 and 27)	3,150,000	3,150,000
29. Common capital stock		
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	28,000,000	28,000,000
32. Surplus notes	79,191,400	61,191,400
33. Gross paid in and contributed surplus		
34. Aggregate write-ins for special surplus funds	17,410,052	49,420,816
35. Unassigned funds (surplus)		
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$ in Separate Accounts Statement)	124,601,452	138,612,216
37. Surplus (total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$)	127,751,452	141,762,216
38. Totals of Lines 28, 30 and 37	3,128,174,434	2,440,741,551
39. Totals of Lines 28 and 38		
DETAILS OF WRITE-INS	14,276,177	13,515,528
2501. Deposit Administration Account Funding Retirement Plans	(164,301)	1,457,740
2502. Payable to Brokers, Reinsurers and Others	173,443	53,734
2503. Liability for possible escheatable funds		
2508. Summary of remaining write-ins for Line 25 from overflow page	14,285,319	15,027,002
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)		
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health policies and contracts	625,437,618	256,618,609	550,982,544
2. Considerations for supplementary contracts with life contingencies	1,270,897	268,985	825,568
3. Net investment income	113,914,005	87,574,691	125,010,130
4. Amortization of Interest Maintenance Reserve (IMR)	2,409,877	1,673,812	2,520,859
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	7,762,207	1,147,773	10,510,015
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts	45,615	538,568	853,773
8.3 Aggregate write-ins for miscellaneous income	750,840,219	347,822,438	690,702,889
9. Totals (Lines 1 to 8.3)	38,464,565	40,937,319	57,104,723
10. Death benefits	245,063	120,767	153,165
11. Matured endowments (excluding guaranteed annual pure endowments)	1,036,227	728,306	931,537
12. Annuity benefits	2,075,713	1,548,183	922,914
13. Disability benefits and benefits under accident and health contracts			
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	65,369,210	65,888,004	87,372,228
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	1,399,705	959,153	1,313,814
18. Payments on supplementary contracts with life contingencies	1,695,442	1,568,500	1,992,255
19. Increase in aggregate reserves for life and accident and health contracts	566,473,000	176,649,595	451,633,405
20. Totals (Lines 10 to 19)	676,758,925	288,397,827	601,424,041
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	51,381,884	21,534,211	40,194,727
22. Commissions and expense allowances on reinsurance assumed			8,064,581
23. General insurance expenses	24,658,178	18,884,771	26,858,492
24. Insurance taxes, licenses and fees, excluding federal income taxes	7,003,448	4,170,745	5,889,321
25. Increase in loading on deferred and uncollected premiums	42,941	33,489	25,411
26. Net transfers to or (from) Separate Accounts			
27. Aggregate write-ins for deductions	2,276,411	1,772,011	3,508,789
28. Totals (Lines 20 to 27)	762,121,787	334,793,054	685,965,362
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(11,281,568)	13,029,384	4,737,527
30. Dividends to policyholders	24,061	28,567	41,231
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(11,305,629)	13,000,817	4,696,296
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(174,090)	6,586,477	4,044,212
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(11,131,539)	6,414,340	652,084
34. Net realized capital gains or (losses) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	(5,014,938)	(665,027)	(4,768,538)
35. Net income (Line 33 plus Line 34)	(16,146,477)	5,749,313	(4,116,454)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	141,762,224	136,261,426	136,261,426
37. Net income (Line 35)	(16,146,477)	5,749,313	(4,116,454)
38. Change in net unrealized capital gains (losses)	(5,835,354)	10,557,074	(805,843)
39. Change in net unrealized foreign exchange capital gain (loss)	30,000		
40. Change in net deferred income tax	4,290,310	68,792,594	68,995,039
41. Change in non-admitted assets and related items	(11,863,935)	(60,821,209)	(60,931,428)
42. Change in liability for reinsurance in unauthorized companies			(1,775)
43. Change in reserve on account of change in valuation basis, (increase) or decrease	(1,855,899)	(8,524,916)	(3,651,496)
44. Change in asset valuation reserve			
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period	(500,000)		
47. Other changes in surplus in Separate Accounts Statement	500,000		
48. Change in surplus notes		640,421	640,421
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in	18,000,000		
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			
52. Dividends to stockholders	(629,408)	5,372,334	5,372,334
53. Aggregate write-ins for gains and losses in surplus	(14,010,763)	21,765,611	5,500,798
54. Net change in capital and surplus for the year (Lines 37 through 53)	127,751,461	158,027,037	141,762,224
55. Capital and surplus, as of statement date (Lines 36 + 54)			
DETAILS OF WRITE-INS			
08.301. Miscellaneous Income	45,615	538,568	822,708
08.302. Other income			31,065
08.303.			
08.308. Summary of remaining write-ins for Line 8.3 from overflow page	45,615	538,568	853,773
08.309. TOTALS (Lines 08.301 thru 08.303 plus 08.308) (Line 8.3 above)	750,840,219	347,822,438	690,702,889
2701. Incr/(Decr) in Deposit Administration Account Funding Retirement Plans	469,176	48,523	574,244
2702. Retirement Plan Payments	1,046,586	1,271,078	2,214,649
2703. Interest Expense on Surplus Note			
2708. Summary of remaining write-ins for Line 27 from overflow page	2,276,411	1,772,011	3,508,789
2709. Totals (Lines 2701 thru 2703 plus 2708) (Line 27 above)		5,372,334	5,372,334
5301. Correction of prior year error	(629,408)		
5302. Transfer post retirement funds			
5303.			
5308. Summary of remaining write-ins for Line 53 from overflow page	(629,408)	5,372,334	5,372,334
5309. Totals (Lines 5301 thru 5303 plus 5308) (Line 53 above)			